



Foreign National Programs Worldwide Conference

July 11–13, 2006

Office of the Deputy Under Secretary of
Defense for Civilian Personnel Policy

**Conference
Report**

Table of Contents

EXECUTIVE SUMMARY

| | |
|--|---|
| 1. WELCOME | 1 |
| Marilee Fitzgerald, Principal Director, Office of the Under Secretary of Defense (Civilian Personnel Policy) | |
| 2. OPENING REMARKS..... | 3 |
| Patricia Bradshaw, Deputy Under Secretary of Defense (Civilian Personnel Policy) | |
| 3. PLENARY ADDRESS..... | 5 |
| 3.1 | Key Note Presentation: Global Defense Posture Brian Arakelian, Policy Planner, Office of the Under Secretary of Defense (Policy) |
| 3.2 | Foreign National Compensation – A Global Perspective James Brady, Chief, Special Systems Branch, Civilian Personnel Management Service |
| 4. COUNTRY PRESENTATIONS..... | 9 |
| 4.1 | Department of the Army |
| 4.2 | Department of the Air Force |
| 4.3 | Department of the Navy |
| 4.4 | Combatant Commands |
| 5. WORKING GROUP SESSIONS – OVERVIEW/EXPECTATIONS..... | 18 |
| Dick Nicholson, Director, International Programs, ODUSD (Civilian Personnel Policy) | |
| 5.1 | Enduring Principles |
| 5.2 | Employment Programs |
| 5.3 | Governance |
| 5.4 | Workforce Shaping and Policy Proposals |
| 6. FINDINGS/RECOMMENDATIONS..... | 20 |
| 7. CONFERENCE SUMMARY..... | 28 |
| Patricia Bradshaw, Deputy Under Secretary of Defense (Civilian Personnel Policy) | |

ANNEXES

Conference agenda, speakers' briefing slides, country presentations, and a list of participants can be found at www.cpms.osd.mil/FNP/.

Executive Summary

There have been dramatic geo-political changes and new challenges to America's national defense strategy in the past decade. The Department of Defense has initiated comprehensive changes in its global defense posture strategy to meet the new security challenges. The new strategy is transforming the Department's relationships, both internally and with its allies, and is generating major changes in DOD's approaches to global military activities and repositioning of its forces worldwide. These new strategies and policies will dramatically affect the 70,000 foreign national employees who support United States military operations at bases and installations throughout the world.

The Deputy Under Secretary of Defense for Civilian Personnel Policy (DUSD (CPP)) has planning and policy responsibility for the management of both United States citizen and foreign national employees of the Department of Defense. These foreign national employees are vital to the Department's overseas defense mission. As revised global defense posture priorities are translated into new deployment and force repositionings, it is crucial for the Department to review its HR policies and practices for local national employees working for DOD Components in 22 foreign countries. Most of the current policies were developed decades ago during the Cold War era to support a force structure that has and will continue to undergo dramatic changes and realignments. As a result, it is clear to senior officials throughout the Department that changes will be needed in the DOD foreign national program.

*A changing
global
defense
landscape
requires
reassessment
of FN HR
policies*

As the first step in the evaluation of these policies and identification of possible changes, the DUSD (CPP) has undertaken a comprehensive review of the Department's human resource policies and related laws, treaties, agreements, and understandings that influence foreign national employment practices. During the period of July 11-13, 2006, over fifty key policy officials, managers, and HR professionals attended a Foreign National Programs Conference in Arlington, Virginia. The conferees provided country-by-country reports on employment systems and HR issues and conducted extensive workshops to address current hiring systems, pay, benefits, and working conditions. The conferees also discussed workforce-shaping matters, means of ensuring coordination among various DOD elements, and the interplay of local national hires with contractor personnel and other categories of workers who support overseas defense missions. Throughout this report the terms Foreign National (FN) and Local

Executive Summary

National (LN) are used interchangeably and denote non-U.S. citizens who work for DOD in overseas areas.

Much was communicated and learned through the discussion of shared problems. While theaters differ, issues are similar. The Conference underscored succession issues as our FN program experts age and retire. The participants reinforced the fact that employment with the U.S. Forces is not always viewed favorably and we are often at the mercy of Host Nation economies. Some very broad findings, based on the working group results are noted below:

- There is a strong bias for direct versus indirect hire arrangements
- Expedient fixes agreed to in prior negotiations limit flexibilities today
- Exit strategies should be negotiated as we agree on FN programs in new areas
- Expand cultural awareness training for new U.S. citizen hires and FNs
- A process for Pay Cap exemptions needs to be considered when the Cap is clearly harmful
- Prevailing rate policies should be retained but improved
- An emergency FN template, based on the non-appropriated fund model, is recommended for countries where there is no government or the existing government is in crisis
- Explore contractor HR practices to ascertain if basic guidelines are required
- Joint Committee framework is fairly effective but clarification of roles and responsibilities is needed
- Role of Combatant Commanders (COCOMs) deserves special review and analysis
- Strong bias for status quo in FN program administration, but explore expanded role for executive agent where one Component predominates
- Current workforce shaping/RIF policies hard to change, but freer movement of labor across Components and Host Nation borders is desired

What follows is the Conference report, summarizing in broad strokes the comments, recommendations, and action items identified by the participants. The report concludes with the attendees' evaluative findings and recommendations. Any questions, comments, or other communications on this report and the many important issues it addresses are welcomed and should be addressed to the Office of the DUSD (CPP). Additional Conference related materials may be reviewed at www.cpms.osd.mil/FNP/.

1. Welcome

Marilee Fitzgerald, Principal Director, Office of the Under Secretary of Defense (Civilian Personnel Policy)

The Principal Director of the Office of Civilian Personnel Policy Office, Marilee Fitzgerald, welcomed the participants and set forth the purpose of the Conference – to review, in-depth, current policies and practices that govern DOD's FN Programs. Ms. Fitzgerald urged each attendee to challenge the status quo as the transformation and repositioning of forces demand innovative approaches and novel solutions.

Just as this Conference has been a long time in coming, it has been a decade or more since we had a comprehensive review of our programs. Rethinking where we are and where we should go is particularly timely since the collapse of the Soviet Union and the end of the Cold War. New threats and our emerging global posture strategies point to shifting away from heavy armored units to sophisticated weaponry and the streamlining of cumbersome Cold War structures. All of these developments will have dramatic effects on our allies and their citizens, which we employ to support our DOD missions.

Here in CPP we have looked to the Quadrennial Defense Reviews to provide us a roadmap for developing a workforce that supports mobility, flexibility, and quicker delivery of power throughout the world. Just as the Base Realignment and Closure plans have produced major changes in the United States, the realignment of forces and increased authority of the Combatant Commanders are producing extensive changes overseas in your theater of operations. Some allies will see significant reductions in their FN workforce while others will see expansion as new footprints are established East and South of our traditional European concentrations. Our FN policies are closely aligned with the various Status of Forces Agreements and other agreements, local laws, and understandings. We must anticipate new requirements as we renegotiate and revise these controlling documents. We can borrow from and build on what we are trying to achieve in the National Security Personnel System.

As we look to refine our FN policies, the emphasis must be on streamlining processes and giving our commanders and managers timely and effective FN program tools. We suggest a framework with which to explore issues and consider solutions to problems that are identified during the Conference.

*Our task is
to improve
upon the
way we
conduct
business.*

1. Welcome

Again, welcome and please take advantage of this opportunity to improve on the way we do business with our FN workforce.

It is now my great pleasure to introduce my boss, Deputy Under Secretary for Civilian Personnel Policy, Patricia Bradshaw. Many of you have met Pat, both in her earlier associations with Navy and CPP, and more recently since her appointment to the Deputy position. Pat brings that wealth of personal, practical experience to the position that makes my job and that of the other CPP staff very easy and rewarding. One of Pat's hallmarks is that once committed to a goal, she stays with it until the mission is accomplished in a sound, timely, and effective way. I believe it is safe to say that with your help and input, she will do the same with the bottom-up review of the FN Personnel Programs.

Please join me in welcoming Pat to the Conference.

2. Opening Remarks

Ms. Patricia Bradshaw, Deputy Under Secretary of Defense for Civilian Personnel Policy

Deputy Under Secretary Patricia Bradshaw, in her warm greetings to conferees, noted the Conference was long overdue. She expressed why her office is conducting a program review, explained the approach to be followed, identified the players in the Conference, outlined the process, and discussed what comes next.

The Department of Defense is undergoing a major transformation of its global defense policies and strategies. These changes are necessary to meet the challenges of the 21st century. We are confronted by new threats in new locations. We are forging alliances with new allies and placing a greater emphasis on joint forces. Our military and civilian personnel face a much-broadened range of missions and requirements. Since our foreign national workforce is a vital element in our overseas operations, we must evaluate our policies and programs for the 70,000 workers employed in over 20 countries.

*“Policies
should
promote the
overall
interests of
the U.S. and
our allies.”*

*DUSD CPP
Patricia Bradshaw*

The ongoing transformation will bring significant repositioning of forces and an overall reduction in overseas personnel. We will be reducing in Western Europe and Asia as we expand in parts of Eastern Europe and other countries. Our current FN program regulatory system is aging and reflects policies adopted during the Cold War. Concurrent with all these changes, there is a new DUSD (CPP), with a new team in place. This team is both eager and prepared to undertake the challenges of developing a FN policy structure to support the senior DOD leadership, the Components, and the Combatant Commanders. In undertaking our program review, we are sensitive to the role played by our allies. They are vital players in our defense strategies. What ever we do must recognize the political implications for both the United States and the various Host Nation governments.

CPP is proposing to review all of our significant FN personnel policies. This necessitates that we have feedback from our policy users, our policy clients, if you will. We are hoping to capture innovative ideas from our most senior military and civilian leaders down through the organizations to those who implement the policies at base level. Lessons learned from the various demonstration programs, as well as our new National Defense Personnel System will be incorporated in our study. We expect our

2. Opening Remarks

allies are also looking at how we do business with their citizens as we reshape and reposition the force.

This Conference brings together key FN experts and managers. It provides a forum to examine issues, challenges, and possibilities for improvements. Each of us can learn something from the next three days as we listen to the policy discussions and hear country program presentations. Please share your experiences as we discuss potential policy changes. I urge you to challenge both our perceptions and your own as well. We will learn by listening and hopefully, provide input for improved program policy development.

We will be joined this week by senior OSD leadership, CPP staff and other experienced Human Resource managers, FN program experts, and FN employees, who support our overseas HR efforts. Collectively, you and the other conferees represent an amazing array of talent and experiences in many different countries. This group has the talent and ability to meet the task we have undertaken.

As for next steps, we will build on this week's meetings to evaluate the efficiency of the current policy framework. We will take the findings and mesh the results with our own preliminary studies and historical data. I want Dick Nicholson, members of my staff, and others to review samples of overseas programs. I hope to engage a broad spectrum of the stakeholders before developing a final plan. We need to spend time with the Components, the Joint Staff, and Combatant Commanders to get their perspectives. With all this as background, we can then determine the proper courses of action with respect to policy, legislation, and both organizational and operational issues.

Thank you for coming and let us all make the most of this week.

3. Plenary Address

3.1 Key Note Presentation: Global Defense Posture: Brian Arakelian, Office of the Under Secretary of Defense for Policy

Brian Arakelian addressed the working group on the Department's efforts to strengthen its overall global defense posture. Brian is a senior advisor to the Principal Director (Policy Planning) in the Office of the Principal Deputy Under Secretary of Defense for Policy. Brian is responsible for developing strategy and implementing the U.S. global defense posture realignment initiative. His work requires close coordination with the Joint Staff, the Combatant Commands, and the Military Departments. He regularly works with Congressional staff on refinements to and execution of the posture changes.

By 1985 the Department of Defense's Cold War strategy was largely a legacy of the various wars during the 20th century. Almost 500,000 military personnel were deployed in overseas areas. Most of these forces were located and equipped to engage in combat where they were based. The heaviest concentrations were in Europe, East Asia, and the Persian Gulf. Development in the post-cold war period from 1995–2002 demonstrated that force concentrations were not best suited to meet requirements in greatly expanded operating areas. In short the United States could no longer assume it would know where its forces would have to operate and certainly could not be confident they would fight where they were based. Force concentrations drew down in Europe and East Asia, while growing in the Persian Gulf.

Security challenges have changed dramatically in the past twenty years. While vulnerabilities from countries employing traditional military forces remained, threats from irregular and unconventional forces increased dramatically. Thus, conventional air, sea, land, and nuclear threats were joined by increasingly significant threats from rogue non-state and state actors employing terrorism, insurgency, etc. to counter and challenge stronger state opponents' power. Threats of terrorist and rogue state employment of weapons of mass destruction pose catastrophic risks to American interests.

These developments led to a Global Defense Posture Review and issuance of strategic guidance. This was accompanied by an Integrated Global Presence and Basing Study

New security challenges led to a review of U.S. global defense posture.

3. Plenary Address

(2003), addressing the central role of Combatant Commanders. Interagency efforts at shaping strategy were initiated with the National Security Council as the overarching body. Joint DOD and State Department consultations with our Host Nation partners on the strategies were conducted in late 2003, followed by a Presidential announcement in August 2004. Congress was consulted throughout the process. Final Global Posture changes were incorporated into SECDEF's Base Realignment and Closure recommendations in May 2005.

It goes without saying that the review is a rolling process and that the plans are continually adjusted to reflect changing strategic environments. The current posture strategy provides flexibility to contend with uncertainties, enhances our ally's roles with new partnerships within and across regions, and permits rapid deployment of capabilities. Clearly the focus is and will remain on capabilities, rather than numbers alone. The Combatant Commands play the central role in implementing the global posture plans. Since they are not centrally funded for these roles, they must rely on the DOD Components to implement joint infrastructure initiatives. At the OSD level, some \$5 billion has been programmed over the Five-Year Defense Plan (FYDP) for global posture changes.

The key elements of the global defense posture are: Activities (military presence, global sources, and surge capacity); Relationships (alliance transformations, legal arrangements, and command structures); and Facilities (main operating bases, forward sites, pre-positioned material, and reach-back to U.S. based elements). The global posture priorities look to a transformation of our expeditionary capabilities in Europe, a greater Middle East effort in the war on terror, and broadened relationships in the Western Hemisphere. African nations will see improved security cooperation and access. DOD will strengthen its ability to deter and defeat opponents in Asia, while solidifying relationships and expanding our efforts in the war on terror in Southeast Asia.

There are numerous realignments and force shifts under the Global Defense Posture. They range from shifts in air and naval assets in the Pacific region, changing deployment in Korea, expanded training in Africa, Australia, and the Western Hemisphere, and major realignment in Europe of forces and combatant units. Overall, the overseas presence will experience a reduction of up to 70,000 military personnel and 300 installations. The Secretary of Defense has made it clear that future deployments must be to areas where we can readily utilize our military resources. U.S.

3. Plenary Address

authorities recognize that the political landscapes are constantly changing which makes achievement of maximum force flexibility more problematic at any given place and time.

Currently, headquarters consolidation and training and redeployment initiatives are occurring in Europe. There will be increased security cooperation in Central Asia. In Asia and the Pacific, headquarters' transformations and consolidations continue apace along with the relocations of a brigade from Korea. There is a Defense Policy Review underway in Japan. Finally, efforts continue with regard to strengthening of U.S. air and maritime capabilities in the region. Consultations and negotiations with our partners continue. In short, the DOD footprint in Europe will be transformed as future deployments focus on the East and South.

3.2 Foreign National Compensation – A Global Perspective: James Brady, CPMS

James Brady is the Chief of the Special Systems Branch in the DOD Civilian Personnel Management Service. His office provides technical assistance on FN pay matters and monitors foreign national employee compensation programs. He and his staff review wage surveys and annual pay adjustment reports. As requested, they prepare recommendations for Public Interest Determinations. The staff evaluates Total Compensation Comparability (TCC) Plans, which are required by DOD Policy, and conducts wage surveys in overseas areas in accordance with country-to-country agreements and understandings.

Basic compensation policy flows from the Foreign Service Act of 1980 (PL 96-456). The law directs that all U. S. foreign national compensation be based on prevailing wage rates for similar positions in the local area of the Host Nation. DOD policy is further extended and amplified in a series of Civilian Personnel Manual chapters (DOD 1400.25-M, Subchapters 1231/1251) and the Foreign National Compensation Manual (DOD 1416.8-M, 1990). It is DOD policy that FN average pay equals the average pay of non-U.S. workers in the country and that total FN pay equal total compensation for non-U.S. sector employees. For many years, Congress has, with the exception of Turkey, limited foreign national employee pay increases. Under various annual appropriations acts (PL 109-148, Sect. 8002, 12/05), overseas FN pay increases may not exceed the U.S. base General Schedule increase or the Host Nation increase provided to its own workers, whichever is higher. DOD has no discretion in this matter nor can Public Interest Determinations provide exemptions from the cap. As will be

3. Plenary Address

noted in the work group discussions, the annual Pay Cap is quite controversial, with some of the Host Nations and their officials routinely questioning its application.

TCC plans are required elements of all foreign national worker pay systems in all overseas areas. The plans are developed for each Host Nation by the DOD component with wage fixing authority for that country and they are approved by the Principal Deputy Under Secretary of Defense for Personnel and Readiness (PDUSD (P&R)). Currently, there are TCC Plans in effect for 22 Host Nations. A comprehensive summary of the elements of each TCC plan can be found in Chapter 8 of the Manual for Foreign National Compensation, as noted above. (N.B. – TCC plans were among the several more significant pay setting practices discussed by the conferees.)

An underlying principle in foreign national pay setting is the use of wage surveys as the preferred methodology to collect salary, wage, and benefit data tailored to each country in accordance with that country's TCC plan. Deviations from full-scale surveys may be approved by the PDUSD (P&R) as an alternative to surveys. Finally, where a DOD employer recommends a pay practice or benefit that is not otherwise a prevailing practice (as is sometimes the case for negotiated matters for Turkish workers), the PDUSD (P&R) may find that the deviation is in the public interest and therefore permissible. Such determinations are rare.

4. Country Presentation

The following material provides brief summaries of the hiring practices, workforce demographics, laws, agreements, and Host Nation policies that apply to local nationals working for DOD in various countries throughout the world. Each presentation during the Conference highlighted the complexity and to some extent the contradictions of the current Foreign National personnel systems. There is a myriad of complex committee structures, labor negotiations and agreements, dispute resolution machinery, receiving state personnel laws, and country-to-country dealings between DOD, the State Department, and the Host Nation officials. This complexity, together with the local workforce implications of ongoing global posture transformation, represents both the absolute requirement for changes in FN personnel systems and the understandable difficulty to accomplish changes in a bilateral setting, where the affected parties do not always view change positively. In reviewing the country-by-country programs, it is important to keep in mind that there are some key differences in management and in personnel policies for U.S. citizens employed in appropriated versus non-appropriated fund operations. Most of our Host Nation partners, however, neither recognize a distinction between appropriated and non-appropriated funds nor accept any funding arrangements as justification for pay or policy differences vis-à-vis their citizens employed by DOD. With the recent announcement that DOD will largely cease Icelandic operations, there is no report on its FN program. Any issues, comments or recommendations on these countries are welcome by the ODUSD CPP staff and will be considered in the future phases of the FN personnel program review. Readers may wish to see the individual country briefing slides that were used during the Conference at www.cpms/osd.mil/FNP/.

*Honduras
Turkey
Korea
Egypt
Japan
Netherlands
Singapore
Italy
Spain
Greece
Germany
Belgium
Diego Garcia
Saudi Arabia
Bahrain
Portugal
U.K.*

4.1 Department of the Army

BELGIUM and NETHERLANDS (A. Lustinger, USAREUR): These FN programs are small in comparison to other DOD programs. There are approximately 250 Dutch LN employees and some 1,000 Belgians supporting U.S. Forces. Both the Dutch and Belgian systems are indirect hire arrangements. In Holland, DOD LN workers are employed by the Ministry of Defense (MOD) and provided to the U.S. under an agreement dating back to 1986. The Belgian workers are employed by the U.S. and the Belgian MOD acts in the name of and on behalf of the U.S. in labor and legal disputes,

4. Country Presentation

similar to Germany. In both countries, LN personnel practices are largely shaped by Dutch and Belgian laws, and regulations on labor contracts: employment conditions, pay, benefits, allowances, and workforce shaping policies, etc. Deployments of LN workers are voluntary and Host Nation authorities must approve assignments to hostile areas. As with Germany, Dutch and Belgian LNs are covered by complex social plans that affect workforce reduction policies. Army is the lead DOD component for LN matters.

GERMANY (A. Lustinger, USAREUR): U.S. Forces employ 20,000 appropriated and non-appropriated fund LN workers in Germany. The FN program is in most respects an indirect hire system where the U.S. is the legal employer, but the German government represents DOD in labor union matters (as opposed to works council dealings) and in German Courts. This is the largest concentration of DOD LN workers in the world; and, together with dealings in Japan and Korea, represents some of the most complex and challenging day-to-day human resource management issues. There are no emergency essential designations for LN employees. Deployments are largely voluntary for German employees. Army has the lead for DOD LN policy in Germany. (N.B. – During Working Group sessions, the U.S.–German FN model provided a broad palette from which the conferees could paint current LN policy challenges and obstacles to expeditious and comprehensive changes in laws, agreements, and practices underpinning current FN personnel policy. The various collective agreements, German works council representation laws, court jurisdictions, complex workforce reduction policy, and displaced worker protections can serve as a laboratory for exploring possible new LN relationships and personnel policies.)

KOREA (Yong-Tae Kim, USF Korea): There are almost 14,000 LNs employed by the U.S. Forces in Korea under a direct hire arrangement. Army is, by far, the predominant employer. Almost 10,000 LNs are paid from appropriated funds. The U.S. Forces utilize a classification system for job grading and classification patterned on the U.S. civil service model. The underlying agreement is the labor provisions of the Status of Forces Agreement (SOFA), together with an agreement on the Status of the Korean Service Corps. Wages and benefits are in accord with DOD policy and represent Host Nation prevailing practices. Full-scale surveys occur every three years with age adjustments in the interim, based on wage data provided by the Korean Labor Ministry. Pay is restrained under the annual appropriations cap. The USFK Joint Labor Affairs Committee (JLAC), composed of senior Component HR officials, establishes conditions of employment. USFK policy substantially conforms to Korean private sector labor

4. Country Presentation

laws. Labor disputes are exempt from Korean labor law provisions; rather, they are subject to non-binding mediation before a ROK National Labor Relations Committee. Strikes are permissible following use of established dispute resolution procedures with final review by the Joint SOFA Committee, which issues final and binding decisions. Strikes can be limited where they seriously hamper U.S. operations. There is no judicial review.

Under burden sharing, Korea pays 71% of appropriated fund wages. As the direct employer, DOD commanders retain full rights to assign work, fix and modify work schedules, and react to changing circumstances with reasonable notification to the LN workers. Major changes in FN policies require a six months notice and consultation with union officials. Koreans cannot be designated EE and may not be deployed outside the country, but they may be sent TDY to places like Iraq or Afghanistan, although this has not happened nor is it anticipated. Koreans may be designated as mission-essential employees and they can be deployed on-peninsula. A limited number of “invited contractors” operate to support the Components and, under the SOFA, are considered an employer of the U.S. Forces. These contractors, not to be confused with local Korean contractors, comply with the policies applicable to direct hire workers. Korean unions vigorously oppose contracting out of work previously performed by the LN direct hire workforce.

SAUDI ARABIA (S. Lewis, HQDA): The U.S. has had a military training mission in Saudi Arabia since 1952. All but one (a Saudi citizen) of the FN workers are third state national (TSN) employees, such as Filipinos. Historically, these TSNs were employed through a variety of direct, indirect, and personnel services hiring plans. Employment programs and pay plans were standardized in 1975. Employment levels have fluctuated over the years with peaks during Desert Storm operations a decade ago. TSNs represent 17 nationalities and efforts are made to generally comply with Saudi labor law and prevailing practices. Exceptions exist in regard to employment of women and differing pay scales, which reflect compensation in the TSN’s homeland. Some of the more pressing current issues include: problems with in-country wage surveys, declining private sector pay and benefits, the expense of conducting surveys for such a small workforce, and “Saudization” of the FN workforce.

4. Country Presentation

4.2 Department of the Air Force

PORTUGAL (D. Schubert, USAFE): The U.S. Air Force directly employs some 890 Portuguese local nationals on the Island of Terceira, in the Azores. FN employment policies are based on: the NATO SOFA, a Defense Cooperation Agreement (1995), a Labor Agreement (1993), and bilaterally determined Work Regulation. There are three levels of U.S.–Portuguese relationships: the local Lajes base level, the joint U.S.–GOP Labor Committee, and the U.S.–GOP Standing Bilateral Commission.

Portuguese employees have a constitutional right to join unions, but bilateral agreements preclude union representation. Employees' interests are represented before U.S. Forces officials by a Committee of Employee Representatives (CRT) that is currently inactive. Disputes can be elevated from base level to the Labor Committee, then the Bilateral Commission, and finally Portuguese courts. For all practical purposes, the most influential venue for FN personnel program administration is the Labor Committee, consisting of three U.S. officials (OSD, USAFE, Embassy) and three GOP members (MOD, Labor Department, Azorean Regional Government.) The U.S. is generally viewed as a good employer and the Labor Committee has worked diligently over the past decade to promptly consider and adjudicate disputes. Due to very differing Portuguese labor and social laws, the parties often approach issues from diverse backgrounds and perceptions. One of the constant, contentious issues is the matter of the annual Appropriations Act Pay Cap. There has been a history of court challenges on several discharge cases and the local workers are very attentive to even minute changes in local hours of work or work practices

TURKEY (D. Schubert, USAFE): Turkey is a strategic partner for the U.S. and sits astride the vital European energy corridor. Our NATO ally is a major partner for regional stability and the global war on terrorism. There are three employer categories -- all of which utilize direct hire arrangements. Collectively, the Air Force, Army and Air Force Exchange Service, and a base maintenance contractor employ over 1,500 LN workers. Under Turkish labor law, USAFE, representing the before mentioned employers, and the Turkish labor union (TURK HARB-IS) negotiate a collective labor agreement (CLA). Approximately 98% of the LN workers are unionized. The March 2006 expired CLA is now under renegotiation. It provides comprehensive coverage of conditions of employment, rates of pay, and establishes a two-layer dispute resolution system with an Employee–Employer Cooperation Committee at the local level and a “High Board”, both consisting of U.S. and union officials. While management has the

4. Country Presentation

final decision on disputes, matters may be taken to Turkish courts. Strikes are prohibited except in conjunction with CLA negotiations. Turkey is exempt from the annual Pay Cap and Public Interest determinations are regularly required on compensation plans. Turkish workers may not be designated Emergency Essential (EE) or deployed out of country.

UNITED KINGDOM (D. Schubert, USAFE): The Air Force administers an indirect hire employment arrangement for 2,000 civil servants who are legally employed with the UK Ministry of Defense (MOD), but utilized by the U.S. on a reimbursable basis. Pay levels are set by UK civil service regulations with no USAF involvement. The UK MOD handles labor relations for the USAF element. Under applicable UK civil service rules and labor laws, these indirect hire employees can join unions and are permitted to strike. The 1966 Arrangement established a bilateral USAF–MOD Civilian Personnel Council that promotes effective and coordinated FN personnel management programs. Day to day personnel administration is between USAFE and the MOD Personnel Liaison Office.

4.3 Department of the Navy

Jim Davey (HRSC Europe) set the stage for the Navy presentations by providing an overview of the Foreign National Compensation Programs in the European and Middle Eastern countries serviced by the Navy. Jim provided details about the foreign national employment demographics, costs, and variety of pay schedules in the United Kingdom (Direct Hire), Spain, Greece, Iceland, Egypt, and Bahrain. Each country is different as to number of pay plans, grades per pay plan, and steps within those grades. Even within a country there are differences in number of grades and steps depending on the pay plan. Pay schedules in Italy, Spain and Greece are based on local wage survey data collected by USF Classification Specialists. Local wage data used to set pay for United Kingdom Direct Hire personnel is purchased from Croner Reward in the UK. New wage schedules in those four countries are approved annually by Joint Civilian Personnel Committees. Local DOD wage surveys are not used to establish pay schedules in Egypt or Bahrain since their TCC plans allow alternate methods (Foreign Service pay plan and Bahrain Civil Service pay plan, respectively).

BAHRAIN (J. DiFillipo, HRSC Europe): There are some 380 individuals working for DOD in Bahrain. Most of the workforce consists of non-Bahrainian citizens. This direct hire employment arrangement is controlled by a country-to-country agreement, Bahrain

4. Country Presentation

Labor Law, and local DOD regulation. There are no unions nor is there a right to strike. While there is the possibility of Bahrain Labor Court jurisdiction on worker disputes, there is, historically, an absence of such activity. Rather, appeals are adjudicated on a final and binding basis by COMNAVCENT. These employees may be deployed within or outside Bahrain.

DIEGO GARCIA (F. Collins, COMNAVFOR Japan): DOD employs 70 direct hire, white-collar workers on the island of Diego Garcia in the Indian Ocean. The U.S. operates under an agreement between the U.S. and the United Kingdom and an offshore labor agreement between the U.S. and the Philippines. The workers have one-year renewable contracts. Third country national workers are paid on the basis of a State Department compensation plan. There are no unions and workers may not strike. Conditions of employment are based on State Department and U.S. Forces regulations. The DOD workers are supplemented by 1,700 contractor employees, who provide base operating support for the pre-positioned material on the island. Third country nationals are not designated EE nor do they deploy.

EGYPT (J. DiFillipo, HRSC Europe): The Office of Military Cooperation and the Navy Medical Research Unit are among the smallest FN programs with some 240 total Egyptian workers. These are direct hire arrangements based on individual personal services contracts for the largely military sales and medical research focused missions. DOD follows local labor laws and local prevailing practices. Interagency coordination with non-DOD U.S. employers is accomplished through an International Cooperative Administrative Support Service. The U.S. Embassy plays an active role in determining FN personnel policies and publishes a Locally Employed Staff Handbook that addresses working conditions, including reduction in force, severance pay and employment dispute resolution. While used only infrequently, these latter issues can be elevated to local Egyptian courts. Egyptian workers are not designated as Emergency Essential personnel.

GREECE (J. DiFilippo, HRSC Europe): Foreign national employment arrangements are grounded in a 1951 Mutual Defense Cooperation Agreement between Greece and DOD. There are some 234 Greek LNs employed primarily by the Department of the Navy. The 1960 indirect hire agreement is with the Hellenic Air Force (HAF) and the employer of record is the Hellenic Office of Administration, a Greek Air Force organization. Several unions represent LN workers, who have the right to strike under a 1986 Greek labor law. The 1960 agreement provides the U.S. Forces with broad authority to set

4. Country Presentation

conditions of employment (COE). Actual COE matters are reflected in a U.S.–HAF labor agreement that has the weight of Greek law. The Greek courts have jurisdiction over employee suspensions and other COE disputes. LN workers are not designated as Emergency Essential but can be required to perform on a temporary duty basis at locations throughout Greece.

ITALY (A. Spinelli, HRSC Europe): Italy provides the second largest FN workforce in Europe, after Germany, with some 4,500 direct hire personnel employed by the Navy, Army, Air Force, and Exchange systems. Recent elections produced a shift in government to left of center, which cannot but strengthen union expectations and conversely, complicate U.S.–initiated FN personnel program changes. Reductions in force, limitations on the LN workweek, and negotiation of job grading plans top the list of current, contentious issues. Employees are represented by two separate Italian unions (two of the largest in Italy). There is no exclusive recognition in Italy and both unions represent all employees. There are no exempt employees and even managers are eligible to join and are entitled to the benefits of the collective bargaining agreement. Compensation is determined by an annual wage survey of Italian industry and commerce. The lack of regulatory bodies such as the FLRA, mediation boards and the like, leave the negotiations process with no venue to deal with impasses and stalemates. Italian labor relations, always a demanding area of bilateral dealings, cannot but become more aggressive and cumbersome as the new government asserts its influence and global posture transformations begin to affect current relationships and workforce issues. Labor and other appellate courts have always played a major role in framing terms and conditions of employment of Italian LN employees. Employees frequently sue the U.S. in Italian courts regarding classification actions and termination.

RIF procedures are well defined and contained in the collective bargaining agreement (referred to as the Conditions of Employment), as well as in operating manuals at the COCOM and component levels. There is no severance pay for Italian employees of the U.S. Forces in Italy. Italians may not be deployed to "Danger Areas".

SINGAPORE (D. Harvell, COMNAVFOR Japan): DOD employs 110 direct hire workers in Singapore. They perform under a bilateral stationing agreement. Conditions of employment are based on the Embassy's local compensation plan or local private sector restaurant and hotel practices. All working conditions must conform to the legal standards of Singapore. There are neither joint committees nor unions, and

4. Country Presentation

strikes are impermissible. Appropriated fund pay is based on the State Department's Foreign Service National pay plan and non-appropriated fund workers are paid on the current non-appropriated fund pay-banding scheme. DOD retains the right to assign work, modify jobs and work schedules, and take necessary action to meet changing conditions. Workers can perform temporary duty outside Singapore, but are not categorized as Emergency Essential. Contractor personnel provide base operating support.

SPAIN (J. DiFillipo, HRSC Europe): The 1,200 Spanish workers at DOD installations are indirect hires, with the Ministry of Defense being the actual employer of record. The Spanish MOD and the U.S. Forces negotiate labor contracts. There are various labor unions, with representatives assigned to worker committees. Historically, labor talks have been used for promoting in-house union political issues and candidates. Worker representatives continue to press for joint determination of pay, job guarantees, and benefits that are not prevailing in the local area — all matters that are non-negotiable under U.S. labor policies. Spanish courts provide venues for final and binding decisions on employee complaints that are not resolved between the U.S. Forces and the MOD. While there is flexibility to assign LNs within Spain, MOD policies do not permit deployment of workers outside Spain.

UNITED KINGDOM (J. DiFillipo, HRSC Europe): U.S. Naval Forces operate under a direct hire arrangement for their 1,100 British citizen employees. These workers are under individual employment contracts subject to prevailing UK employment laws. There are no unions and strikes are prohibited. Reduction in force procedures, placement assistance, and severance payments are in accordance with the UK Employment Rights Act. Individual U.S.-worker disputes can be challenged in UK Employment Tribunals, while dismissal appeals are tried in Industrial Tribunals. LN workers can be required to perform travel within reasonable distances of their job sites, but not deployed outside the UK.

Coordination among the U.S. elements in the UK is accomplished through a Tri-Service Joint Civilian Personnel Committee. UK workers are not designated as Emergency Essential employees, but may deploy on a voluntary basis to non-combat areas.

4. Country Presentation

4.4 Combatant Commands

HONDURAS (T. Fitzpatrick, SOUTHCOM): Joint Task Force Bravo, a Southern Command component, is the primary organization employing Honduran LNs. It is composed of over 500 military members, 600 U.S. citizen employees and 64 Honduran citizens. The Task Force performs a wide range of missions to include weather forecasting, air operations and air cargo capabilities, and air search and rescue. It is a direct hire relationship, which utilizes the Embassy pay scales and workforce adjustment plan. There are no labor organization dealings. (N.B. – During the working group discussions, the Honduran situation was cited several times as one where a flexible, easily adapted FN personnel template would be extremely useful.)

JAPAN (D. Dewar, PACOM/USFJ): The various DOD Components in Japan operate under the collective term of “United States Forces Japan (USFJ).” USFJ consists of the military services and the Headquarters of the Commander, U.S. Forces Japan (HQ USFJ). There are over 25,000 indirect hire LN workers. They are employed on the mainland (Honshu) and Okinawa, where 35% of the workers reside. Under a variety of host nation burden sharing arrangements, the Japanese government funds almost half of the DOD direct operating costs. Since 1996, Japan has funded over 90% of DOD’s labor costs.

LN conditions of employment are largely those of the Japanese national public civil service. The legal employer is the Japanese government. Joint administration is accomplished through a USFJ–Defense Facilities Administration Agency (DFAA) interface. USFJ officials are the operational employers and exercise day-to-day supervision and workforce management.

DOD employment is considered an attractive career and its stable employment is highly prized. LN personnel policies are reflected in a Master Labor Contract for appropriated fund staff, an Indirect Hire Agreement for non-appropriated fund workers, and a Mariner’s Contract covering a very small 12-person organization. The Master Labor and Mariners Contracts are U.S.–Japan agreements in the form of procurement contracts in place since 1951. Contracting Officers reflect revised personnel policies as contract modifications. The Indirect Hire Agreement established employment provisions for LNs working in non-appropriated fund facilities, with the HQ USFJ J14 Labor Branch chief responsible for coordinating agreement modifications. Whereas the Wage system for National Public Service employees reflects Japanese civil

4. Country Presentation

service principles with rank in the person and pay based on the associated relative ranking, USFJ Japanese National employees have pay based on the duties of the position held. Even though the wage tables for USFJ employees were originally patterned after the National Public Service (NPS) system, there are notable differences in pay distribution. For instance, NPS employees, especially professional on career ladders, receive promotions more rapidly than USFJ employees, with NPS promotions often occurring almost automatically.

USFJ determines numbers, types and grades of LNs and notifies the DFAA as to the scope and timing of any workforce reductions. Uniform employment practices among the USFJ elements are determined by the Service components through a Joint Labor Affairs Committee (JLAC), composed of the DOD Components. A Joint U.S.–GOJ Labor Subcommittee (JCLS) in turn provides advice to the bilateral Joint Committee. Currently, some 19 labor issues are under review in that latter venue. Employees may appeal to the local District Court against the GOJ (i.e. DFAA) if he/she believes that his/her creditable employment has not been properly determined. Other labor disputes between DFAA and USFJ are resolved by the Contracting Officer, with final appeal to the Joint Committee. Japanese LNs are not designated as EEs and are deployed out of country in only very rare cases.

5. Working Group Sessions

Remarks – Dick Nicholson, Director of International Programs

As Under Secretary Bradshaw stated, we very much appreciate your being here and look forward to making the most of your observations, comments, and recommendations on improvements in the Foreign National personnel programs.

Here in CPP, we are in the midst of our bottom-up review driven by the altered global posture strategies and the long period since the last comprehensive review of our FN policies. Our study will cover program development, management, and administration across the broad DOD overseas organizations.

What we do this week will largely determine our future course of action on FN programs. Each of you has expertise in FN matters and brings “hands on” experiences. You are our best allies in identifying the problems, inflexibilities, and frustrations in FN program administration. What we are exploring is “CHANGE”. All of us know that change is seldom easy. Changes often threaten our traditional values and may infer that we have not been perfect. Change is also a great opportunity to improve things, eliminate stale and outmoded practices, and streamline and simplify operations in a rapidly changing DOD overseas environment.

The Workshops that soon follow my remarks are the critical vehicle for exploring issues and considering needed changes. We want to know what is important to you, what works and what is “broken”, what is down the road, and identify any new requirements. These workshops are open forums where all your opinions are valid and valued. When consensus is not possible, we should seek common ground where practicable. In the final analysis, we must be able to articulate the reasons and soundness of our proposals. We must ensure that the FN program “users”, non-DOD interested parties, and our Host Nations and LN personnel understand where we are coming from and where we hope to go.

Changes flowing from our efforts should not occur until you and the other end-users have an opportunity to review and influence final policy. You have our commitment that this will happen on a timely basis.

*“...great
opportunity
to streamline
operations,
eliminate
outmoded
practices,
and
influence
policy.”*

*Dick Nicholson
International
Programs*

5. Working Group Sessions

Each of you will participate in four working groups with differing mixes of participants so everyone will have an opportunity to discuss each of the four major FN topics. These topics are:

- Enduring Principles – Hiring Plans, Prevailing Practices, Roles/Responsibilities
- Employment Programs – Pay Fixing, Emergency Systems, Contactor Personnel
- Governance – Joint Committees and Current/Future Program Administration
- Workforce Reshaping – Reductions in Force, Exit Strategies, Attendee Issues

6. Findings/Recommendations

What follows are the highlights of comments made in the four working groups. These are not verbatim, but capture the significance of the points or issues raised by the various commentators. To the extent possible, specific areas of consensus and/or recommendations are noted. Not surprisingly, there was a wide divergence of viewpoints, experiences, and recommendations in all areas.

5.1 Enduring Principles

Hiring Plans:

- Currently there is little choice in the use of direct or indirect hiring plans
- The elimination of categories was recommended or at least not allow Host Nation to dictate which category to use – changeover to direct hires will be difficult
- Consensus is that direct hires are best since indirect hire system gives Host Nation too much control and LNs do not develop loyalty to the U.S.
- It was noted that continued employment stability is a key issue in Italy
- In Japan, mission is accomplished despite complexity; however, U.S. retention of management controls is key — hands are sometimes tied in RIF-firings
- Some pointed to inflexibility in current hiring models but realize laws control
- Improving military and civilian managers understanding of LN culture is a must
- Perhaps new labels are needed, i.e., U.S. Citizen and Host Nation Program
- May be time to “merge” the systems and develop a new hybrid
- Several think the indirect hire system is too murky – difficult to sort through
- Some programs (e.g., Germany) are actually a blending of the two models — more standardization may be needed if the current categories are retained
- Lead DOD Component in country should determine the hiring program – the indirect hire system is preferable where few LNs are employed
- Changes should provide simplification, flexibility, speed/ease of action
- OSD sets guidelines/principles, Components develop plans
- Indirect hire promotes quick entry/exit of small force, but direct hire should be the model of choice for new countries as DOD can exercise more control

*Enduring
Principles*

*Employment
Programs*

Governance

*Workforce
Reshaping*

6. Findings/Recommendations

- Recommended a standard template be developed/applied where no stable government exists
- In indirect systems, U.S. often does all the difficult administrative/RIF work
- Clearer definition of what is expected from U.S./Host Nation would be preferable
- Consensus that “no one size fits all” – two systems preferred, no labels, policy grounded in general principles to permit easy application in each country

Prevailing Practices:

- Consistent with global strategy, new FN policies should support worldwide understanding and agreement on systems that are available for use
- Need for quick military action/deployment should be underlying tenet of policy reforms and should limit Host Nation controls/guidelines for FN employment
- State Department and Contractor programs, as well as other Departments and Agencies with overseas presence, may provide models for developing global principles
- State Department is market based and not subject to Pay Cap
- Employment packages that are the same inside/outside gate are best
- Discretion is needed to accommodate each country’s cultural/social mores
- DOD expected to strive for democratic principles and ensure EEO/diversity, while recognizing some Host Nation differences must be tolerated
- Global DOD FN template is needed where few Host Nation laws/practices exist
- Any general framework/principles must be readily applicable to all workers
- Absence of conformity in some countries may be an enduring principle
- DOD policies must deal with political realities and Allies’ laws/agreements
- Changes will be difficult in countries with tariffs/negotiated agreements
- Continuing DOD oversight is vital to preventing chaos in theater
- Union demands artificially inflate pay despite prevailing rates
- Appropriation Pay Cap is inconsistent with the prevailing practice concept and U.S. must do better job of explaining the phenomenon to LN workers
- Pay Cap particularly damaging in labor union dealings – U.S. loses credibility and some wonder why we even go through motions of conducting surveys
- Review current interpretation of Pay Cap as it differs from prior applications
- Revisit the concept of prevailing practices, which are often ignored based on the realities of hiring/retention in a given country
- DOD employment not meant to be more lucrative than host country practices

6. Findings/Recommendations

- DOD often pays more, but does not match benefits that cannot be monetized
- Tailor prevailing practice concept to “difficult to recruit” jobs based on similar businesses or occupations rather than private sector at large
- Impact on LN hires as population declines in Asia
- Expanded DOD presence in Africa will present unique new set of issues
- Term appointments may be a useful tool to increase DOD global flexibility
- Align authority with resources
- When in doubt always remember rule #1 – “mission prevails above all”
- Must anticipate expanded “total force” to include all civilians including FNs
- As we move to make DOD FN employer of choice, don’t forget U.S. citizen hires

5.2 Employment Programs

Pay Setting Practices:

- Pay is key to worker stability, U.S. image and employer attractiveness
- “Fair and equitable” pay translates to total compensation plus benefits
- Must improve education of U.S. and Host Nation officials as to pay policies
- Bottom line is recruitment and retention—the two big issues that drive pay
- Increased requirement for English fluency will limit hiring of FNs generally
- Anomalies in Japan where pay is decreasing due to long standing slump
- Need to review pay system reporting requirements as to utility, formatting, frequency, and ways to reduce administrative burdens
- DOD should do a better job of explaining need for and utility of reports, as well as sharing new themes, trends, hot issues and innovations across DOD
- Encourage use of alternative methodologies cited in Plenary address
- New tools needed – off shelf data, statewide surveys, and use of consultants
- No consensus on Pay Cap relief — some say yes; others urge “status quo”
- If Pay Cap remains, use pay banding to reduce Host Nation concerns
- Aging overseas workforce due to decline in hiring — need succession plans
- Average Pay policy can generate pay distortions if job matches are bad
- Obtain more LN feedback on rates and look more to economic environment
- Exchanges urge DOD focus more on market/industry rates, consider real differences between non-appropriated and appropriated fund missions
- Pay banding offers needed flexibilities and total compensation packages (versus wages alone) and provides more accurate evaluation of benefits
- No quick fix as pay banding takes time

6. Findings/Recommendations

- Consider the significance of U.S. Dollar/Foreign Currency exchange rates
- Absence of retention/recruiting problems is reflection of high Host Nation unemployment and good U.S. work environment as opposed to pay plans

Emergency Systems:

- Consider impact of terrorism/natural disasters and emergencies on LN hires
- Some say not enough information to fashion flexible policy
- Others suggest that system is not broken – okay as is – so what are we fixing
- Consensus that while establishment of policy and special provisions for emergency situations are no panacea, most argue for some basic standards
- Address policy on identifying essential LNs who must report
- Few have experience – DOD must assemble expert group to develop policy
- Any policy should permit compliance with applicable Host Nation laws
- Contingency contracting is already a useful tool but don't over regulate
- Consider personnel services agreements with fixed employment end dates
- Direct hires may be best default program until Host Nation demands "more"
- Contractor hiring policies and practices may serve as model
- Despite policy/standards, crisis situations will pose unique challenges
- Pay setting in crisis environments is a problem — use of State model suggested
- Must consider such fundamentals as "what currency" do you pay with
- Recognize consistency in approaches to each crisis not possible
- When in doubt, do the best you can and fine tune later as time permits
- Crisis plans must address legal protection for those who make payments
- Multifaceted plan must be broad, flexible, and addressable to crisis

Contractor Employment:

- Group consensus that DOD should set standards for LN hiring and pay
- Some believe there are already a myriad of excessive standards in the FAR
- Contractor hires pose a myriad of issues for DOD LN hiring programs
- Be prepared to defend DOD interests when contractor workers on DOD projects lose jobs and sue on basis that they were "DOD employees"
- Standardization of contractor policies vis-à-vis U.S. Forces' policies needed
- Greater coordination required between DOD procurement and HR staffs
- DOD HR staff need to be more informed about contractor operations

6. Findings/Recommendations

- Exercise care in extending oversight as it may reinforce Host Nation view that contractor employees really are the equivalent of DOD LN workers

5.3 Governance

Joint Committees:

- Joint Committee policy seeks to foster uniformity on FN conditions of employment – some feel there needs to be more regard for Components' input where each has its own budget, mission, and financial issues
- Joint efforts work in Japan and are vital to reaching consensus
- Some question whether DOD enforces the Joint Committee protocols
- Exchanges believe they should be accorded fuller representation rights
- Constant turnover creates need to educate and track new members
- More face-to-face meetings are needed and less reliance on e-mails
- Much debate over reporting requirements and utility of such materials
- Reports should be submitted to OSD level to enhance their value/impact
- Few component disagreements reach Combatant Commander (COCOM)
- Need to explore fundamental issue – proper role and value added by COCOM
- Keep policy as is but not always centralized to COCOM
- Each group recognizes that role of COCOM varies by geographic locations
- COCOM provides needed coordination, but inadequately staffed and funded
- COCOM staff needs more country knowledge to enhance coordination role
- EUCOM does not vote because of its role to provide guidance
- Some argue COCOM should not vote since Components alone pay for programs
- Need uniform country rules where Components agree and propose to COCOM
- Consensus COCOM has oversight/enforcement roles once Components agree
- Committee alternative is COCOM delegation of authority to one Service to organize/implement programs and policies with Service veto authority
- Some strongly oppose lead Component as executive agent while others see value of lead agent in lieu of COCOM role where circumstances favor it
- Some doubt lead agency would work when major changes are underway
- Coordination is more difficult in larger theaters of operation/many bases
- Centralized policy does not always promote cross-pollination of ideas
- Regardless of committee structure, need for more regular communications

6. Findings/Recommendations

Program Administration:

- Consensus appears to oppose idea of single HR staff servicing all LNs
- If single component provides personnel services then policies should be set on theater-wide basis with Component input throughout the process
- Recent move in Japan by Air Force to jettison Navy FN employees
- Some prefer uniform FN personnel systems where Components can agree on labor cost-sharing arrangements and use an executive agent
- Consolidation of U.S. and FN workers can produce synergy of effort
- Very problematic to try and pull all employees in Japan into one system
- Size of workforces, geography, and location influence administration
- In some venues and for certain LN workers, telecommuting might offer help
- Anticipate impact of reduced LN workers on budget and size of HR staff
- Need to develop new FN policies as we expand footprints in Eastern Europe
- Remember that talk of “exit strategy” is antithetical to “employer of choice”
- Noted there is probably a better arrangement but current FN system works
- While each Component has different funding sources, recommend the use of one system and consolidation of programs where systems can interface easily
- Several believe move to “one size fits all” is bad idea — don’t over centralize
- As global repositioning occurs, adopt Embassy (except for costly pay plans) or Host Nation civil service system, but eliminate two sets of holidays
- Off the shelf pay systems often unreliable, poor matches, and inflate costs
- FN Conference is very useful and should be held every two or three years, with regional meetings and conferences in the off years

5.4 Work Forces Reshaping and Policy Proposals

Reduction in Force:

- Need DOD RIF policy that stresses expediency and limits level of review
- Ensure Embassy staff are on board with DOD RIF policy and planning/execution
- Current RIF policies are very broad by necessity with particulars shaped in the various Host Nations based on agreements, laws, and understandings
- RIF itself is not a hindrance, rather administration of policy too cumbersome
- Simplify approvals/expedite clearances so applicable time limits are met
- Create a new, flexible template that fosters cross-component transfers
- Complexity causes misunderstandings and Host Nation/worker confusion

6. Findings/Recommendations

- Current RIF placement policy puts unqualified workers into vacancies
- Study European Community laws permitting employment across EU
- RIF, a major influence in U.S.–Host Nation political and diplomatic dealings
- Most desire flexible policy without mandated cross–Component placement
- Some challenge COCOM role as to value added, prefer to go to DOD instead
- Most RIF records are manual and need to have more automated systems
- Several urge universal FN personnel database and auto–RIF for FNs
- Should explore FN policy similar to Career Transition Program
- Lifetime employment arrangement does not match new global strategy
- As we propose changes, need answer on extent of U.S. discretion under SOFA/agreements, best formula to reduce staff, and grandfather policy
- U.S. own worst enemy – announces cuts only to later increase them when the length of the RIF perpetuates higher costs, which leads to yet more cuts
- HR and resource/budget managers need to work more closely on cuts
- Need advance information on RIF – avoid embarrassment after the fact
- Must be mindful of timely and costly RIF process as we enter new areas
- Despite all of above, it is recognized we generally need to have a policy that is coordinated with the prevailing practices of the Host Nation
- Delegations of RIF authority are generally clear but process takes too long
- “Need to know” obvious, but too many approval levels take too long
- PACOM is exception where policy works, no excessive approval levels
- Smaller non–appropriated fund operations need much simplified, expedited policy for business based actions where payrolls are generated by sales
- RIF problems not due to configuration of authorities (COCOM, Components, HR functions) but rather clearances and authorizations of RIF itself
- Need official for Europe to direct cross–component placements and take role played by Priority Placement Program staff for U.S. citizen hires
- Need for review of process should not inevitably lead to vesting of authority in COCOM nor should notifications necessarily come from COCOM
- Perhaps a lead component or current joint committee should operate RIFs
- COCOM must be informed of RIFs, but is not always best agent to resolve issue
- Consensus is that in an “ideal world”, U.S. would use job contracts with fixed terms, be exempt from EU/local laws, and limit union role on LN matters

6. Findings/Recommendations

Other Policy Concerns (Issues Not Previously Covered):

- Despite DOD uniformity policy, Exchanges urge more authority on VSIP to foster retirements and high-three years of service for calculating annuities
- Others urge keep uniform non-appropriated fund/appropriated fund policies
- Reduce early retirement penalty for those under age 55
- Include Cost of Living Allowance and overtime payments as part of high-three
- Call for improved succession planning to include FN personnel
- Succession planning strategy must identify key job requirements to ensure that replacement cadres have overseas experiences to the extent practicable
- Succession planning and training strategies will require funding
- Expand training and orientation of new hires selected for overseas jobs
- Need better identifiers and placement — we must make jobs attractive now
- Review policy barring living quarters allowances for overseas hires
- DOD should follow State and develop overseas service training program
- Expand DOD recruitment of overseas U.S. hires to college job fairs
- Look at alignment of civilian/military overseas allowance and parity issues
- Review all reporting requirements as to utility, format, and feedback
- Exchange personnel are mobile, but mobility rules for other workers unclear
- Exempt critical skill holders from five-year rotation policy
- Apply pay banding and pay for performance to all overseas personnel
- Evaluate if one-year overseas rotations are beneficial and cost effective
- Acknowledge differences in non-appropriated/appropriated fund policies overseas, with the understanding that all non-appropriated policies must be the same
- Rely more on base operating support contracts and short-term contractor hires during base closure situations to relieve the pressures on HR staff
- Review policy on use of reemployed annuitants to facilitate their rehire
- Provide locality pay or market supplements to U.S. citizens to promote overseas hiring
- DOD should exempt LN hires from local laws much like State Department's sovereign immunity

7. Conference Summary

Deputy Under Secretary Bradshaw thanked each of the participants and staff for their diligence and hard work during the Conference. She was impressed with the expertise and extensive hands-on knowledge displayed by the participants with respect to the policies and practices of the Foreign National Programs.

Ms. Bradshaw noted that she expected to move quickly to compile a Conference Report and that she and her staff will closely study the various views, suggestions, and recommendations made by the participants. Relying on CPP staff and program experts, CPP will promptly undertake FN personnel program review to include regulations and policy, both with respect to compliance and efficacy. The study will focus on select country programs spread over small, larger, multi-component, and single component models. At the same time, CPP staff will continue to meet with policy makers and stakeholders. This will permit us to develop comprehensive strategy and proposals for changes that will be fully coordinated with interested U.S. and, eventually, Host Nation officials.

Ms. Bradshaw encouraged conferees to share their views with the CPP staff through calls or e-mails and urged them to move forward together in an effort to strengthen the FN Programs. She stressed that a transforming global forces structure prevents us the luxury of maintaining the status quo and implored the group to find new ways of doing business as DOD's worldwide presence changes.

*...work will
continue in
earnest to
revitalize
the FN
Program.*